WEEKLY ECONOMIC REVIEW

August 4, 2006

In July, Canadian employment fell slightly for the second consecutive month, with the number of jobs declining by 5,500. Economists had been expecting an increase of about 23,000 jobs.

US employment growth also fell short of expectations. U.S. non-farm payrolls rose by 113,000 in July, below the consensus forecast of 145,000.

Alberta's economy continued to operate at effectively full employment in July, with an unemployment rate of just 3.6 percent. Through the first seven months of 2006, the Alberta economy has created 71,000 jobs, for employment growth of 4.0 per cent (the highest rate of job growth in Canada). Statistics Canada also reported that average hourly wages in Alberta are up 7.4 per cent over the past year, double the national rate of increase (3.7 per cent).

Canada's real gross domestic product (GDP) was essentially unchanged in May, after edging up a very modest 0.1 per cent in both March and April. The GDP report surprised most economists, who had been expecting growth of about 0.3 per cent in May. Along with weaker-than-expected U.S. GDP growth in the second quarter, and disappointing employment reports on both sides of the border, there are growing indications of a slowdown in the North American economy.

Cdn Dollar (C¢/US$)

Aug 4, 2006	88.7¢
July 28, 2006	88.5¢
2006-07 YTD	89.0¢

WTI Oil US$/bbl

Aug 3, 2006	$75.46
July 27, 2006	$74.54
2006-07 YTD	$71.78

Nymex Natural Gas C$/mcf*

September Contract

Aug 4, 2006	$8.22
July 28, 2006	$8.18

*Estimate based on Nymex Futures Market Price

Natural gas prices briefly touched a five-month high as an extended heat wave spurred U.S. demand. However, prices fell back later in the week as fears of supply disruptions eased with the weakening of Tropical Storm Chris, and after a higher than expected increase in U.S. natural gas inventories.

Activity in Alberta's energy sector remained robust in July, as the number of rigs drilling rose to 442. Through the first seven months of 2006, drilling activity is up 16.6 per cent from the same period in 2005.

Economic Indicators Released this Week	Reference Period	Month/Previous Month	Month/Previous Year's Month	Year-to-date[1]
Employment (July)	**Monthly Change**			
Alberta	+800	0.0%	4.6%	4.0%
Canada	-5,500	0.0%	2.0%	2.0%
United States	+113,000	0.1%	1.3%	1.4%
Canadian Real GDP	**May**			
(annualized, millions of 1997 dollars)	1,096,774	0.0%	2.6%	n/a
Rigs Drilling	**July**			
Alberta	442	40.8%	13.1%	16.6%

Source: Statistics Canada, U.S. Bureau of Labor Statistics

[1] *Year-to-date 2006 compared to the same time period in 2005. For example: January-July 2006 versus January-July 2005*